

Message Text

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P R 151130 Z MAY 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC PRIORITY 1716

INFO AMEMBASSY BANGKOK

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TOKYO

USIA WASHDC

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS

CIA

DIA

JCS

JUSMAAG

WHITE HOUSE

USAJFKCMA

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

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DEPCHIEF JUSMAAG

C O N F I D E N T I A L SECTION 1 OF 4 SAIGON 8581

E. O. 11652: GDS

TAGS: PINT PFOR ECON VS

SUBJECT: EMBASSY SAIGON' S MISSION WEEKLY MAY 9-15, 1973

THE WEEK IN BRIEF

- CEASEFIRE IN ITS 15 TH WEEK
 - PRESIDENT THIEU ADDRESSES RD CADRE AT VUNG TAU
 - TIN NGHIA BANK HEAD JAILED
 - UPPER HOUSE ADMINISTRATION ROCKED BY " AUTOGATE" SCANDAL
 - BUDDHIST FACTIONS TO HOLD JOINT CELEBRATION OF BUDDHA' S BIRTHDAY
 - NATIONAL ASSEMBLY COMPLETES ACTION ON SENATE ELECTION BILL
 - LOWER HOUSE OPPOSITION BLOC ISSUES STATEMENT ON GVN AND PRG NEGOTIATING POSITIONS
 - SAIGON MEDIA
 - GVN SUGGESTS CONTACTS BETWEEN RVN- DRV RED CROSS SOCIETIES
 - VIET- NAM PRESS REPORTS GVN NOTE
 - THIEU PLANS FOREIGN VISIT
 - NGUYEN VAN HIEU MEETS POPE PAUL VI
 - COMMUNIST MEDIA REPORT AMBASSADOR BUNKER' S DEPARTURE
- CONFIDENTIAL

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- SWEDISH DELEGATION WRAPS UP DRV VISIT
- LY VAN SAU VISITS ENGLAND
- PRICES
- BLACK MARKET CURRENCY AND GOLD
- PRIVATE RURAL BANKS
- OFFSHORE OIL EXPLORATION

I. INTERNAL

A. CEASEFIRE IN ITS 15 TH WEEK

1. MILITARILY, THE WEEK DIFFERED LITTLE FROM THE PREVIOUS REPORTING PERIOD. THE NUMBER OF INCIDENTS, ALREADY LOW, DECLINED SLIGHTLY; THEY WERE CONCENTRATED IN USUAL AREAS- NORTHWEST OF HUE, NORTHERN BINH VINH, TONG LE CHAN AND CHUONG THIEN . ACTION SLACKED OFF ALONG THE CAMBODIAN BORDER AT HONG NGU AS VC/ NVA UNITS DREW BACK FOR REFITTING. IN MR 3, A USAID CONTRACT EMPLOYEE AND TWO GVN OFFICIALS WERE KILLED WHEN THEIR JEEP STRUCK A MINE. REPORTS CONTINUE TO INDICATE VC/ NVA ROAD BUILDING ACTIVITY AND IMPROVEMENT OF AIRSTRIPS, ESPECIALLY IN MR' S 1 AND 2.

2. THE GVN COMPLETED ITS PART OF THE SCHEDULED RELEASE OF CIVILIAN DETAINEES, BUT PRG RELEASES WERE DELAYED, DUE TO A LACK OF PRG ASSURANCES OF SAFETY FOR ICCS OBSERVER TEAMS. THE ICCS CANDEL CONTINUED TO INSIST ON PRG GUARANTEES FOR A FLIGHT CORRIDOR 8 KILOMETERS WIDE WHILE THE PRG INSISTED IT COULD NOT GUARANTEE MORE THAN 6 KMS. CANDEL NERVOUSNESS WAS NOT DIMINISHED WHEN AN ICCS HELICOPTER WAS FIRED ON AND

HIT NEAR VI THANH IN CHUONG THIEN PROVINCE ON MAY 6 AND TWO TPJMC HELICOPTERS ON A LIAISON FLIGHT TO LOC NINH WERE FIRED ON AND ONE HIT ON MAY 11. NEITHER INCIDENT RESULTED IN CASUALTIES.

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3. TPJMC DISCUSSIONS CONTINUED TO STICK ON THE QUESTION OF DEPLOYMENT, BOTH DUE TO DIFFERENCES ON PRIVILEGES AND IMMUNITIES AND AREAS OF DEPLOYMENT. NO DEFINITIVE PROGRESS WAS MADE ON THE QUESTION OF CEASEFIRE IMPLEMENTATION AND THE LEVEL AT WHICH LOCAL COMMANDERS' MEETINGS MIGHT BE ALLOWED.

4. AT THE END OF THE WEEK IT WAS ANNOUNCED THAT LTG TRAN VAN TRA HAD BEEN REPLACED AS CHIEF PRG DEL BY HIS DEPUTY, BG TUAN, A CLEAR DOWNGRADING OF THE TPJMC BY THE PRG.

5. THE JCRC, ACTING THROUGH THE FPJMT/ MIA, CONDUCTED ITS FIRST IN- COUNTRY CRAS SITE INSPECTION. THE FPJMT ALSO MADE ITS FIRST VISIT O HANOI IN CONNECTION WITH THE RECOVERY OF US POW' S WHO DIED IN CAPTIVITY. A FURTHER VISIT TO HANOI BY A US SPECIALIST TEAM WILL TAKE PLACE, PROBABLY ON MAY 18.

6. THE ICCS CONTINUED INVESTIGATIONS, SOMEWHAT HAMPERED BY CONTINUING RESTRICTIONS ON HELICOPTER FLIGHTS. THE RESULTS CONTINUED TO REFLECT NOW TRADITIONAL POLDEL/ HUNGDEL CANDEL/ INDODEL SPLIT.

7. THE PRG CHARGED, IN TWO LETTERS TO THE ICCS, AND

THE US DENIED, BOMBING IN SVN BY US PLANES.

B. PRESIDENT THIEU ADDRESSES RD CADRE AT VUNG TAU

PRESIDENT THIEU SPOKE TO VILLAGE- AND DISTRICT- LEVEL RURAL DEVELOPMENT CADRE AT VUNG TAU MAY 12. THE PRESIDENT DEVOTED MUCH OF HIS SPEECH TO GVN PLANS FOR NATIONAL RECONSTRUCTION AND ADMINISTRATIVE REORGANIZATION AND TO THE CONTINUING THREAT TO THE NATION POSED BY THE COMMUNISTS. THE FOLLOWING POINTS WERE AMONG THE HIGHLIGHTS OF THE SPEECH:

-- THE PRESIDENT PLANS TO MAKE PUBLIC WITHIN THE WEEK A NATIONAL RECONSTRUCTION AND DEVELOPMENT PLAN AIMED AT ENDING SOUTH VIET NAM'S DEPENDENCE ON FOREIGN AID WITHIN TEN YEARS. AGRICULTURAL DEVELOPMENT WILL BE AN AREA OF PRIMARY CONCERN.

-- THE THIEU GOVERNMENT IS PLANNING AN "ADMINISTRATIVE REVOLUTION" DURING THE COMING YEAR. CIVIL SERVANTS WILL BE CONFIDENTIAL

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ENCOURAGED TO SERVE THE PEOPLE BETTER. DECISION MAKING WILL BE DECENTRALIZED, AND HENCEFORTH APPROXIMATELY 70 PERCENT OF DAILY PROBLEMS ARE TO BE SOLVED AT THE VILLAGE OR DISTRICT LEVEL, 20 PERCENT AT PROVINCE LEVEL, AND 10 PERCENT BY CENTRAL AUTHORITIES.

-- THE COMMUNISTS HAVE NOT GIVEN UP THEIR HOPE OF TAKING OVER SOUTH VIET- NAM (" PEACE HAS BEEN RESTORED IN PRINCIPLE... BUT YOU MUST KNOW THE REALITY"). THERE ARE 300,000 NVA IN THE SOUTH WHOM THE COMMUNISTS PLAN TO USE TO " FORM A SECOND COUNTRY IN THE SOUTH", TO FORCE COALITION GOVERNMENT ON THE

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ACTION EA-14

INFO OCT-01 ADP-00 AID-20 EB-11 FSI-01 PM-09 INR-10 IO-12

L-03 NSAE-00 NSC-10 PA-03 RSC-01 RSR-01 DPW-01 PRS-01

OMB-01 SS-15 /114 W

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P R 151130 Z MAY 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC PRIORITY 1717

INFO AMEMBASSY BANGKOK

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA
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AMEMBASSY MOSCOW
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY PHNOM PENH
AMEMBASSY SEOUL
AMEMBASSY TOKYO
USIA WASHDC
AMEMBASSY VIENTIANE
AMEMBASSY WARSAW
AMEMBASSY WELLINGTON
USDEL JEC PARIS
CIA
DIA
JCS
JUSMAAG
WHITE HOUSE
USAJFKCMA
AMCONSUL BIEN HOA
AMCONSUL CAN THO
AMCONSUL NHA TRANG
AMCONSUL DANANG
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RVN, AND - POSSBILY- TO LAUNCH A MILITARY ATTACK IN SIX OR SEVEN MONTH. THE COMMUNIST HAVE SHOWN THEIR BAD FAITH BY REJECTING THE RVN' S APRIL 25 DRAFT PRELIMIARY ACCORD PRESENTED IN PARIS. ACCORDING TO THE PRESIDENT, " THE ISSUE OF VICTORY OR DEFEAT" DEPENDS ON THE VIETNAMESE THEMSELVES. -- THERE IS NO " THIRD FORCE" IN VIET- NAM, ONLY COMMUNISTS AND NON- COMMUNIST NATIONALISTS.

C. TIN NGHIA BANK HEAD JAILED
DEPUTY NGUEN TAN DOI, OWNER OF THE TIN NGHIA BANK WHICH WAS CLOSED BY THE GVN APRIL 21 BECAUSE OF MASSIVE IRREGULARITIES, WAS JAILED MAY 8 BY ORDER OF THE SAIGON COURT OF FIRST INSTANCE. SEVERAL OF DOI' S COLLABORATORS INCLUDING NGUYEN BA NHAN (FORMER CHIEF OF THE CENTRAL LOGISTICS AGENCY) WERE JAILED WITH HIM. HOWEVER, LTG (RET) NGUYEN HUU CO, TIN

NGHIA' S DEPUTY DIRECTOR GENERAL, REMAINS FREE ON BAIL. ACCORDING TO RECENT PRESS ACCOUNTS, GVN TAX AUTHORITIES HAVE UNCOVERED SIGNIFICANT TAX EVASION BY DOI, THUS FURTHER COMPLICATING THE FLAMBOYANT CAPITALIST' S FUTURE. DOI IS REPORTEDLY APPEALING HIS DETENTION ORDER. SEVERAL OPPOSITIONIST LOWER HOUSE DEPUTIES HAVE EXPRESSED MISGIVINGS OVER THE WAY THE COURT STRIPPED DOI OF HIS PARLIAMENTARY IMMUNITY ON THE GROUNDS THE DEPUTY WAS CAUGHT FLAGRANTE DELICTO. (DOI WAS VISITING MR I WHEN THE GVN CLOSED HIS BANK). THE DEPUTIES HAVE QUALMS THAT AT SOME FUTURE DATE THE GOVERNMENT MIGHT JAIL THEM ON THE PRETEXT OF A FLAGRANTE DELICTO VIOLATION OF THE LAW.

D. UPPER HOUSE ADMINISTRATION ROCKED BY " AUTOGATE" SCANDAL A SCANDAL, WHICH THE LOCAL PRESS HAS DUBBED THE " AUTOGATE" AFFAIR, IS THREATENING THE PRESTIGE OF THE UPPER HOUSE. THE FORMER CHIEF ADMINISTRATIVE OFFICER OF THE UPPER CONFIDENTIAL

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HOUSE, MR. DIEP VAN MINH, HAS BEEN ACCUSED OF USING OFFICIAL FUNDS AND IMPORT PRIVILEGES TO PURCHASE AUTOMOBILES WHICH HE THEN SOLD PRIVATELY. REPORTEDLY, HE LATER RESTORED THE FUNDS TO THE UPPER HOUSE BUT KEPT THE PROFITS. THE SCANDAL HAS BROKEN WIDE OPEN, AND OTHER RELATED WRONGDOINGS ARE HINTED. MINH IS CONSIDERED A PROTEGE OF UPPER HOUSE CHAIRMAN NGUEYN VAN HUYEN. HE HAS BEEN THE SUBJECT OF GRUMBLING AMONG SENATORS FOR SOME TIME ALLEGED CORRUPTION, AND HUYEN HAS OCCASSIONALLY BEEN ACCUSED OF NEGLIGENTLY LOOKING THE OTHER WAY, ALTHOUGH NOBODY CONNECTS THE CHAIRMAN TO THE ILLEGALITIES. RELIEVED OF HIS ADMINISTRATIVE JOB EARLIER THIS YEAR AFTER DISSENTION SURFACED AMONG SENATORS, MINH THEN BECAME HUYEN' S DIRECTOR CABINET. HUYEN DISMISSED HIM WHEN THE SCANDAL BROKE. HE FACES A POSSIBLE PRISON SENTENCE.

HUYEN' S PRESTIGE HAS SUFFERED FROM THE AFFAIR, AT LEAST TEMPORARILY. THE CATHOLIC- ORIENTATED PARTY, OF WHICH HUYEN IS A LEADER, MAY BE HURT ALSO. E. BUDDHIST FACTIONS TO HOLD JOINT CELEBRATION OF BUDDHA BIRTHDAY FOR THE FIRST TIME SINCE THE AN QUANG AND QUOC TU FACTIONS OF BUDDHISM IN SOUTH VIETNAM SPLIT IN 1966, IT IS REPORTED THAT THE ANNUAL CELEBRATION OF BUDDHA' S BIRTHDAY WILL BE MARKED BY A JOINT MAIN CEREMONY IN SAIGON MAY 17. NEGOTIATIONS GOING BACK SEVERAL MONTHS HAVE SUCCEEDED IN ACHIEVING THIS DEGREE OF UNITY BETWEEN THE TWO PARTIES, ALTHOUGH SUPPOSEDLY MINOR DIFFERENCES REMAIN OVER SEPARATE CELEBRATIONS THAT SOME FACTIONALISTS WISH TO HOLD IN ADDITION. IF THE COMMON CEREMONY GOES OFF AS SCHEDULED, IT WILL BE A FIRST STEP TOWARD AN EVENTUAL GOAL OF FULL UNITY BETWEEN THE TWO GROUPS. MUCH BARGAINING REMAINS, HOWEVER, BEFORE THAT AIM CAN BE ACHIEVED. NATIONAL ASSEMBLY COMPLETES ACTION ON SENATE ELECTION BILL IN LOWER HOUSE VOTING ON MAY 12, ADMINISTRATION FORCES

WERE UNABLE TO MUSTER THE TWO- THIRDS VOTE NECESSARY TO OVERTURN
SENATE AMENDMENTS TO THE SENATE ELECTION BILL , THE MOST IMPORTANT
OF WHICH IS THE ELIMINA-
TION OF THE REQUIREMENT THAT CANDIDATES FOR THE AUGUST
ELECTION BE SPONSORED BY A POLITICAL PARTY QUALIFIED UNDER
DECREEE LAW 060. PRESIDENT THIEU NOW HAS THE OPTION OF
PROMULGATING THE BILL AS APPROVED OR RETURNING IT TO THE
NATIONAL ASSEMBLY WHICH RECOMMENDED CHANGES. IF HE FOLLOWS
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THE LATTER COURSE, IT IS UNLIKELY THE ASSEMBLY WOULD REJECT
HIS RECOMMENDATIONS.
G. LOWER HOUSE OPPOSITIONIST BLOC ISSUES STATEMENT ON GVN
AND PRG NEGOTIATIONS POSITIONS
THE OPPOSITIONIST BLOC, CONSISTING OF THIRTY OF THE
TOTAL LH MEMBERSHIP OF ONE HUNDRED FIFTY NINE, HAS ISSUED A
STATEMENT CRITICAL OF THE GVN APRIL 25 PROPOSAL FOR A POLITICAL
SOLUTION IN VN. THE BLOC JUDGMENT IS THAT THE GVN PROPOSAL
REVERSES THE PRIORITIES WRITTEN INTO THE PARIS ACCORD BY
URGING EARLY ELECTIONS WHILE DELAYING THE IMPLEMENTATIONS OF
ARTICLE 11, WHICH GUARANTEED A BROAD CHANGE OF DEMOCRATIC
FREEDOMS. FURTHER, THE GVN IS CHARGED WITH REJECTING THE
" THIRD FORCE". THE OPPOSITIONIST DEPUTIES FIND THAT THE PRG
DRAFT, WHICH CALLED FOR EARLY IMPLEMENTATION OF ARTICLE 11,
FOLLOWS THE PROVISION OF THE ACCORD. IN WHAT APPEARS TO
BE A CALL FOR NVA WITHDRAWAL AND RVNAF DEMOBILIZATION PRIOR
TO A GENERAL ELECTION, THE DEPUTIES OBSERVE THAT THE WILL OF
THE PEOPLE CAN BE SUPPRESSED AND THE ELECTION RESULTS REJECTED
BY EITHER SIDE SO LONG AS THE ARMED FORCES REMAIN.
H. SAIGON MEDIA
DOMESTIC NEWS COVERAGE DURING THE PAST WEEK WAS
DOMINATED BY THE TIN NGHIA AFFAIR, REPORTS OF CORRUPTION IN
THE SENATE, PRG/ GVN EXCHANGE OF CIVILIAN DELYINEES AND REPORTS
OF COPPERATION BETWEEN THE AN QUANG AND QUOC TU PAGODA ON THE

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P R 151130 Z MAY 73
FM AMEMBASSY SAIGON
TO SECSTATE WASHDC PRIORITY 1718

INFO AMEMBASSY BANGKOK
AMEMBASSY BUDAPEST
AMEMBASSY CANBERRA
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DEPCHIEF JUSMAAG

C O N F I D E N T I A L SECTION 3 OF 4 SAIGON 8581

OCCASION OF BUDDHA'S BIRTHDAY. PRESIDENT THEIU'S PROMISE OF
EARLY GOVERNMENT REORGANIZATION AND THE LONG TERM PROGRAM
FOR RESTORATION OF THE ECONOMY AND POST- WAR CONSTRUCTION IN
SVN, CONTAINED IN HIS MAY 12 VUNG TAU SPEECH, RECEIVED
ATTENTION IN THE LATTER PART OF THE PERIOD. REPORTS OF
EFFORTS TO ORGANIZE A POLITICAL GROUP AROUND "BIG" MINH LINGER.
INTERNATIONAL NEWS COVERAGE FOCUSED ON EVENTS SURROUNDING THE
WATERGATE CASE, HAK'S MOSCOW TRIP AND THE WAR IN CAMBODIA.
GVN/ PRG BILATERAL TALKS IN PARIS RECEIVED RELATIVELY LITTLE
NOTICE. THE DEPARTURE OF AMBASSADOR BUNKER WAS REPORTED IN
ALL NEWSPAPERS. THE HOUSE OF REPRESENTATIVES' VOTE TO DENY
FUNDS FOR BOMBING IN CAMBODIA WAS PROMINENTLY REPORTED, AS WAS
SECDEF RICHARDSON'S STATEMENT THAT MONEY WOULD BE FOUND TO

SUPPORT THE AIR WAR DESPITE HOUSE ACTION.
EDITORIAL COMMENT REFLECTS CONCERN WITH THE EFFECTS OF
WATERGATE ON INDO- CHINA. THE OTHER MAJOR ITEM FOR EDITORIAL
SPECULATION WAS THE APPROACHING KISSINGER/ THO TALKS.
SAIGON RADIO AND TV COMMENTARIES DISCUSSED COMMUNIST
REFUSAL TO NEGOTIATE SERIOUSLY AND CONTINUED COMMUNIST
CEASEFIRE VIOLATIONS. ONE COMMENTARY SPOKE OUT IN JUSTIFICA-
TION OF VILLAGE ELECTIONS, POINTING OUT THAT THE COMMUNIST
CHARGE THAT THEY ARE A VIOLATION OF THE CEASEFIRE ACCORD IS
WITHOUT BASIS IN FACT. THIEU' S VUNG TAU SPEECH WAS FAVORABLY
NOTED.

II. EXTERNAL

A. GVN SUGGESTS CONTACTS BETWEEN RVN- DRV RED CROSS SOCIETIES

FOREIGN MINISTRY SPOKESMAN PHAM DAN SUMCONFIRMED
ON MAY 10 THAT FOREIGN MINISTER LAM HAD PROPOSED CONTACTS
BETWEEN THE RED CROSS ORGANIZATIONS IN NORTH AND SOUTH
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VIET NAM TO FACILITATE COMMUNICATION BETWEEN FAMILY MEMBERS
LIVING ON OPPOSITE SIDES OF THE DMZ. LAM REPORTEDLY INSTRUCTED
DR PHAM VAN HAT, FORMER HEAD OF THE RVN RED CROSS, TO SEEK
THE COOPERATION OF THE SWEDISH RED CROSS IN ARRANGING THE
DRV/ RVN CONTACTS. SUM SAID NO PROGRESS HAD BEEN MADE IN THIS
REGARD THUS FAR.

B. VIET- NAM PRESS REPORTS GVN NOTE

ON MAY 14 VIETNAM PRESS (VP) SUMMARIZED THE GVN' S
NOTE OF MAY 9 TO THE PARTICIPANTS IN THE INTERNATIONAL
CONFERENCE ON VIET- NAM. ACCORDING TO THE VP ACCOUNT, THE NOTE
ASKED THE CONFERENCE PARTICIPANTS " TO FORCE COMMUNIST NORTH
VIET- NAM TO CEASE ITS PROVOCATIVE ACTS AND ITS PREPARATION
FOR REWAGING WAR".

C. THEIU PLANS FOREIGN VISIT

GVN SPOKESMAN ON MAY 14 AFFIRMED THAT PRESIDENT THIEU
WAS SCHEDULED TO VISIT " SOME FRIENDLY COUNTRIES". NEITHER
THE TIMING OF THE VISIT NOR COUNTRIES TO BE VISITED WERE
DISCLOSED.

D. NGUYEN VAN HIEU MEETS POPE PAUL VI

HANOI MEDIA REPORTED BROADLY THE PAPAL AUDIENCE
GRANTED TOHCHIEF VIET CONG NEGOTIATOR NGUYEN VAN HIEU ON
MAY 12. A VIET NAM NEWS AGENCY (VNA) DESPATCH ON MAY 14 SAID
THAT HEU GAVE THE POPE A COPY OF THE VIET CONG' S 6 - POINT PRO-
POSAL AND REPORTED THAT THE POPE, FOR HIS PART, " EXPRESSED
SYMPATHY" FOR THE VIETNAMESE PEOPLE, PLEDGING HIMSELF " TO
STIMULATE MORE ACTIVELY THE TENDENCIES FOR PEACE AND CONCORD".

HIEU ALSO " REPORTED" TO THE POPE THE " SERIOUS VIOLATIONS" OF THE PARIS AGREEMENT BY THE US AND GVN. A HANOI RADIO BROADCAST THE DAY BEFORE SAID THAT THE POPE " HIGHLY EVALUATED THE VICTORY IN THE SIGNING OF THE PARIS AGREEMENT".

COMMENT: THE COMMUNISTS HAVE TWO GOALS IN MIND IN PRESSING FOR AND PUBLICIZING THEIR CONTACTS WITH THE VATICAN. FIRST, THEY WANT TO STRENGTHEN THEIR IMAGE INTERNATIONALLY AND TO BATHE IN THE GLOW OF RESPECTABILITY WHICH SUCH CONTACTS AFFORD. SECOND, THEY WANT TO PERSUADE SOUTH VIETNAMESE CATHOLICS, WHO ARE BASICALLY ANTI- COMMUNIST, THAT THE HOLY SEE

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REGARDS THE VIET CONG NO LESS FAVORABLY THAN THE GVN. INTEREST-INGLY, A MAY 14 EDITORIAL IN THE INDEPENDENT BUDDHIST SAIGON DAILY DAN SONG ALSO SPOKE OF THE NEED FOR A CHANGE IN THE POLICY OF THE VATICAN AND CATHOLICS IN VIET- NAM. " FROM 1954 UP TO THE PRESENT," THE EDITORIAL CLAIMED, " THE CATHOLICS' STAND IS VERY CLEAR: TO SUPPORT THE UNITED STATES IN TERMS OF STRATEGY AND TACTICS AS WELL AS DIPLOMACY AND POLITICS." SINCE US POLICY HAS CHANGED, POLICIES OF THE VATICAN AND VIETNAMESE CATHOLICS " MUST CHANGE ACCORDINGLY". AS ONE INDICATION THAT THE VATICAN' S POLICY MAY HAVE CHANGED, THE EDITORIAL CITES THE FACT THAT " THE VATICAN HAS IN TURN RECEIVED THE CONCERNED VIETNAMESE PARTIES", I. E. PRESIDENT THIEU LAST MONTH AND LAST WEEK NGUYEN VAN HIEU.

E. COMMUNIST MEDIA REPORT AMBASSADOR BUNKER' S DEPARTURE

HANOI' S VIETNAM NEWS AGENCY (VNA) ON MAY 12 NOTED THE DEPARTURE OF AMB BUNKER FROM SAIGON ON MAY 11. VNA SAID THAT THE AMBASSADOR HAD DONE " EVERYTHING HE COULD TO STAVE OFF US DEFEAT" BUT" ALL HE COULD DO WAS TO WITNESS THE BANKRUPTCY OF TWO US PROGESES". (SIC: POSSIBLY SHOULD READ " STRATEGIES".) ALSO ON MAY 12 LIBERATION RADIO, REFERRING TO MR BUNKER AS " OLD FOX AMBASSADOR", SAID THAT AFTER SIX YEARS OF " HAUGHTINESS AND FAILURES", AMBASSADOR BUNKER HAD " PACKED OFF TO AMERICA, CARRYING ON HIS SHOULDERS THE BURDEN OF WAR AND CRIMES HE COMMITTED".

F. SWEDISH DELEGATION WRAPS UP DRV VISIT

VNA REPORTED ON MAY 10 THAT A DELEGATION OF THE SWIDISH GOVERNMENT HEADED BY DEPUTY FOREIGN MINISTER LENNART KLACKENBURG, HAD CONCLUDED TALKS WITH A DRV DELEGATION. ACCORDING TO VNA, THE TALKS, WHICH CENTERED ON ECONOMIC AND

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P R 151130 Z MAY 73

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC PRIORITY 1719

INFO AMEMBASSY BANGKOK

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AMEMBASSY TOKYO

USIA WASHDC

AMEMBASSY VIENTIANE

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

USDEL JEC PARIS

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TECHNICAL COOPERATION, PROCEEDED IN AN " ATMOSPHERE OF
FRIENDSHIP AND MUTUAL UNDERSTANDING AND BROUGHT ABOUT THE

GOOD RESULTS EXPECTED".

G. LY VAN SAU VISITS ENGLAND

VIET CONG PARIS SPOKESMAN LY VAN SAU VISITED LONDON ON MAY 7 ACCORDING TO A LIBERATION RADIO BROADCAST OF MAY 10. AT A MEETING OF A TRADE UNION GROUP, SAU APPARENTLY RAILED AGAINST US/ GVN " VIOLATIONS" OF THE PARIS AGREEMENT AND INTRODUCED THE VIET CONG' S APRIL 25 SIX- POINT PROPOSAL. THE CHAIRMAN OF THE TU GROUP REPORTEDLY EXPRESSED APPROVAL OF THE " IMPARTIAL AND REASONABLE PROPOSAL".

III. ECONOMIC

A. PRICES

THE SAIGON RETAIL PRICE INDEX FOR THE WEEK ENDING MAY 7 SHOWED AN INCREASE OF 0.6 PERCENT. MEDIUM QUALITY RICE PRICES ROSE 1 PERCENT IN CONTINUING ANTICIPATION OF NEW GOVERNMENT PURCHASING EFFORTS. FRESH FISH AND SHRIMP PRICES ROSE 4 AND 5 PERCENT RESPECTIVELY DISPIE A CONTINUING JAPANESE FREN OV ON ACCEPTING DELIVERIES OF VIETNAMESE SHRIMP EXPORTS. FRESH PRODUCE PRICES ROSE AS A GROUP REFLECTING SEASONAL LESSENER AVAILABILITY. THE INDEX IS UP 9.7 PERCENT FOR THE YEAR TO DATE AND 25.1 PERCENT FOR LATEST 12 MONTHS.

B. BLACK MARKET CURRENCY AND GOLD

BLACK MARKET CURRENCY RATES FOR US DOLLARS CONTINUED TO HOVER JUST SLIGHTLY ABOVE THE OFFICIAL EXCHANGE RATE FOR \$100 GREEN (487) AND SLIGHTLY BELOW FOR \$10 GREEN (481). THE HK\$/ VN\$ CROSSRATE WITH THE HK\$/ US\$ RATE DECLINED FROM 502 LAST CONFIDENTIAL

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WEEK TO 501. THE TWENTY- FOUR CARAT GOLD LEAF PRICE ROSE ONLY MODESTLY FROM LAST WEEK 46,500 TO 47,000 AS OF MAY 14, BUT REACTING TO THE NEW HIGHS FOR GOLD IN EUROPE, GOLD PRICES IN SAIGON MOVED TO 47,500 ON MAY 15 AND ARE EXPECTED TO INCREASE FURTHER IN THE NEXT FEW DAYS.

C. PRIVATE RURAL BANKS

IN THE FIRST TEN DAYS OF MAY TWO MORE PRIVATE RURAL BANKS WERE OPENED, IN CAN GIUOC AND THU THUA DISTRICTS OF LONG AN PROVINCE, THE 39 TH AND 40 TH IN THE COUNTRY SINCE 969 (3 IN 1969, 1 IN 1970, 17 IN 1971, 14 IN 1972 AND 5 TO DATE IN 1973), AND TWO MORE ARE DUE TO OPEN DURING MAY. THE TWO NEW BANKS EACH HAVE CAPITAL STOCK OF 21 MILLION PIASTERS FROM SEVEN PRIVATE STOCKHOLDERS AND 20 MILLION MORE (NON- VOTING) FROM GOVERNMENT FUNDS THROUGH THE AGRICULTURAL DEVELOPMENT BANK (ADB). THE RURAL BANK SYSTEM IS INTENDED TO AUGMENT THE ADB IN PROVIDING BANKING SERVICES IN THE COUNTRYSIDE. THE GVN PROVIDES A NUMBER OF SPECIAL PRIVILEGES TO

THE RURAL BANKS, INCLUDING PURCHASE OF PREFERRED NON- VOTING CAPITAL STOCK BY THE RURAL DEVELOPMENT BANK FUND (RDBF), DISCOUNTING OF LOANS GRANTED AT THE AGRICULTURAL DEVELOPMENT BANK OF VIETNAM (ADBV) THROUGH THE RDBF, EXEMPTION FROM TAXES AND FEES FOR THE FIRST 5 YEARS OF OPERATION, AND OVERALL ASSISTANCE IN BANK ADMINISTRATION, TRAINING OF EMPLOYEES AND AUDITS FROM THE ADBV. RURAL BANKS PROCESSED 7891 LOANS WORTH 1.25 BILLION PIASTERS IN THE FIRST QUARTER OF 1973. THE DELINQUENCY RATE FOR LOAN COLLECTION IS ABOUT 7.4 PERCENT. TOTAL DEPOSITS, BOTH TIME AND DEMAND, ROSE FROM 22.3 MILLIONS AT THE END OF 1970 TO 272 MILLION BY THE END OF 1971, 763,8 MILLION BY THE END OF 1972, AND 910,4 MILLION AS OF MARCH 31, 1973. DESPITE MANY CHALLENGING GROWTH PROBLEMS AND A CONTINUING LACK OF DEPOSIT INSURANCE, RURAL BANKS IN VIETNAM HAVE MADE CONSIDERABLE PROGRESS AND HOLD OUT THE PROMISE TO BECOME AN EVER MORE SIGNIFICANT FACTOR IN THE RESTORATION AND DEVELOPMENT OF VIETNAM'S RURAL ECONOMY.

D. OFFSHORE OIL EXPLORATION

ON MAY 10 THE NATIONAL PETROLEUM BOARD DISTRIBUTED TENDER DOCUMENTS TO TWENTY- FOUR FIRMS (EIGHTEEN US) COMPETING
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TO EXPLOIT VIETNAM'S POSSIBLE OFFSHORE OIL RESERVES. THE GVN IS OPENING THIRTY BLOCKS OF AREAS AVERAGING 7000 SQUARE KILOMETERS EACH FOR EXPLORATION AND RESERVING TEN OTHERS FOR FUTURE EXPLORATION. THE MODEL CONTRACT TO FOLLOW A SUCCESSFUL DISCOVERY OF OIL CALLS FOR THE GOVERNMENT OF SOUTH VIETNAM TO RECEIVE 12.5 PERCENT ROYALTIES ON TOTAL PRODUCTION AND A 55 PERCENT TAX ON PROFITS. THE IMPORTANCE THAT LARGE DEPOSIT DISCOVERIES WOULD HAVE TO VIETNAM'S BALANCE OF PAYMENTS PROBLEM AND OVERALL ECONOMIC DEVELOPMENT CAN SCARCELY BE OVERSTATED. DRILLING ON BLOCKS NOW BEING TENDERED FOR SHOULD BEGIN IN THE LAST QUARTER OF THIS YEAR.
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<< END OF DOCUMENT >>

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JAKARTA
LONDON
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